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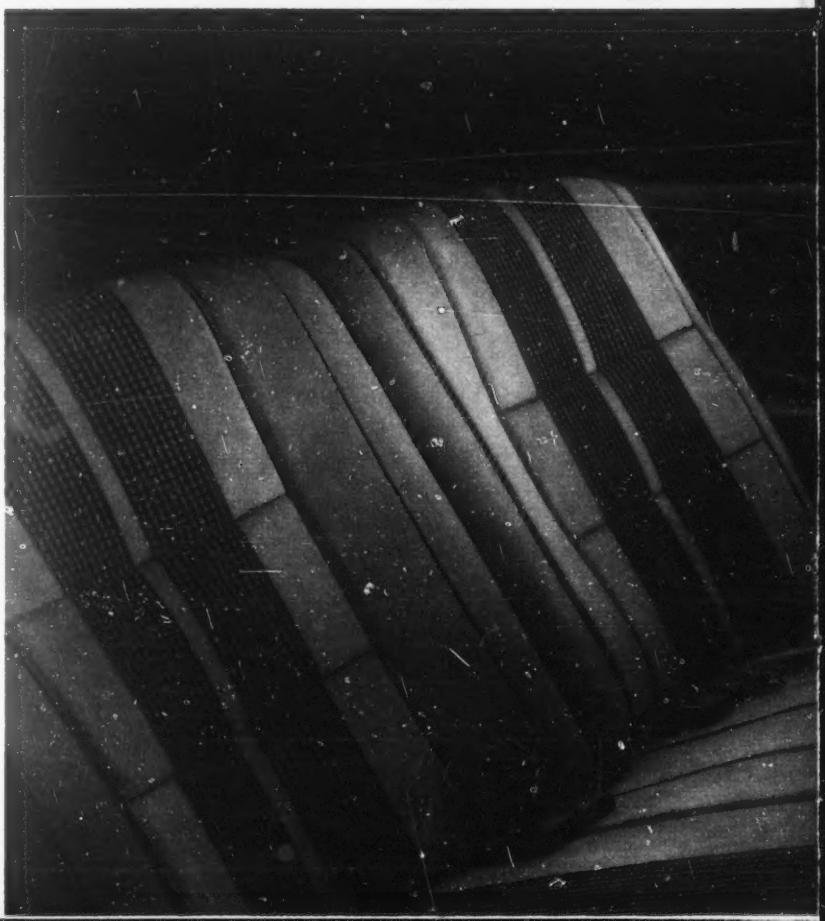
automotive FLEET

THE MANAGEMENT MAGAZINE FOR CAR AND LIGHT TRUCK FLEET OPERATORS

Fleet Recycling Practices

CAVALIER

The less money you want to put into a car, the more car Cavalier gives you.

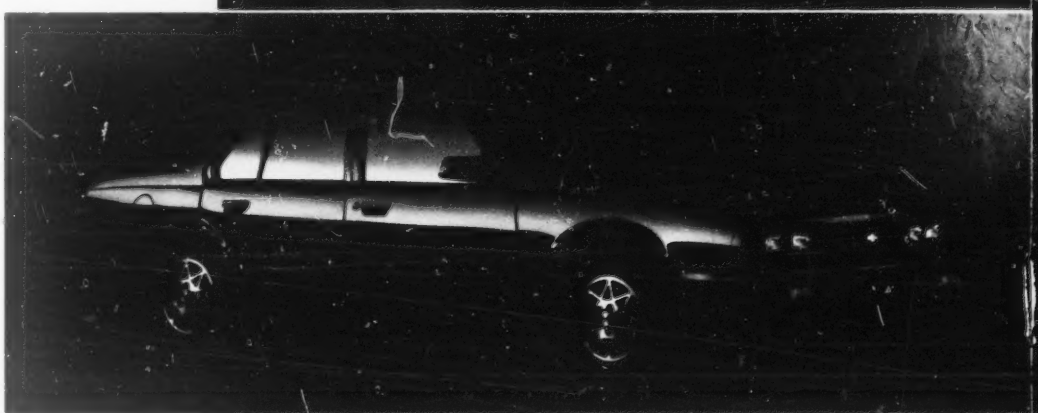


For openers, Chevy Cavalier is America's most popular line of cars. So right off you know you're looking at a rock-solid winner.

And that impression gets even bigger when you get inside. Cavalier gives you the kind of driving room and comfort you'd expect from a much larger car. Ditto the ride and quiet.

Yet because Cavalier's not a much larger car, it comes with additional big benefits. With its powerful electronically fuel-injected standard engine, you may decide not to spend extra for extra engine. Air conditioning and other select options cost less than on many mid-size cars.* Front-drive traction's standard. And Cavalier Wagon gives you almost as much cargo capacity with the rear seat up as Citation II did with its rear seat down.

All in all, the kind of car you'll prize for a long time to come: One that gives you a great deal for your money. Without asking for a great deal of your money. Which shouldn't surprise you. After all, it's a Chevrolet.



*Based on a comparison of 1985 Manufacturers' Suggested Retail Prices

CHEVROLET FL

Driver safety is one concern that fleet managers often overlook. But besides helping to protect the company work-force — every firm's most valuable asset — a solid safety program can help protect something else: profits.

Thinking Safety

By Glenn Hunter

At Advanced Care Products, a division of Johnson & Johnson's Ortho Pharmaceutical Corp. based in Rariton, NJ, the word has gone out among company drivers about sales administration manager Pat Webster. "Don't ride with Pat," they advise each other with a laugh. "She's a safety freak!"

The manager herself is the first to agree. "I still do a safety check every time I get in an employee's car," admits Webster, who oversees the Advanced Care fleet with one of the most assertive safety programs in the country. "I always look at the armrest, for instance: if it's dirty, then I suspect the driver isn't taking good care of the car. And whenever I drive with vendors, I order them to buckle up their seat belts.

"I don't want to die or get injured," Webster explains simply. "So safety has become my way of life."

In a perfect world, Webster's attitude would be shared by every manager charged with the cars and the driving habits of his or her employees. Safety is a joint responsibility in any organization, points out Runzheimer International's latest *Survey and Analysis of Business Car Policies and Costs*. But the *primary* responsibility, Runzheimer stresses, must always lie with the safety-conscious fleet administrator.

Unfortunately, some have yet to realize it. According to the 1985 Safety Survey conducted by the National Association of Fleet Administrators, just 49 percent of responding fleet managers had some type of defensive driving or accident prevention program in place last year — up two percent from the figure for 1980. (Large fleets, with 500 or more vehicles, were much more likely to have such programs than were smaller fleets, the study found.)

"The increase (over '80) shows an awareness of the necessity and importance of proper training for roadway dangers," NAFA concluded. "But, industry-wide, it is still considered a low percentage."

That "low percentage" is of particular concern to Stephen Schultz, fleet administrator for Cincinnati-based Merrell Dow Pharmaceutical and, since September 1984, the chairman of NAFA's national safety committee. "A lot of fleet managers don't recognize safety as an important topic," Schultz says. "But that can quickly change the first time someone from the company employee relations department comes in and says, 'Do you realize how much we're paying out in workman's compensation, or liability insurance, or in the cost of temporary help, because of automobile accidents?'

"Safety is a matter of economics that a lot of companies have failed to recognize," Schultz continues. "One good place firms can cut costs is to stop serious accidents before they happen."

Schultz' own firm is a case in point. Besides utilizing a driver-education program put together by Dow Chemical, Merrell also issues a small newsletter called *Safety Spotlights*, sponsors a periodic safety poster contest, and, like 58 percent of fleets in the latest NAFA survey, enforces a mandatory seat-belt policy for each of its 730 employee-drivers.

(During a collision, safety belts keep the wearer from being thrown from the car. They also prevent the wearer from hitting fixed objects in the vehicle, distribute the force of the impact, and help the driver maintain control of the car.)

The result of such programs? In '84, three of Merrell's divisions were wholly accident-free; the year before, the entire company suffered fewer than 90 chargeable collisions. And — since Schultz began pushing for the seat-belt policy in the early seventies — Merrell Dow drivers have logged no fewer than 175 million business miles without a single fatality or disabling injury.

"The first thing you've got to do is buckle up, and more and more people are understanding this now,"

Schultz says. "If you can do that, thus helping to keep fatalities and disabling injuries out of the picture, you've gone a long way toward an effective safety program."

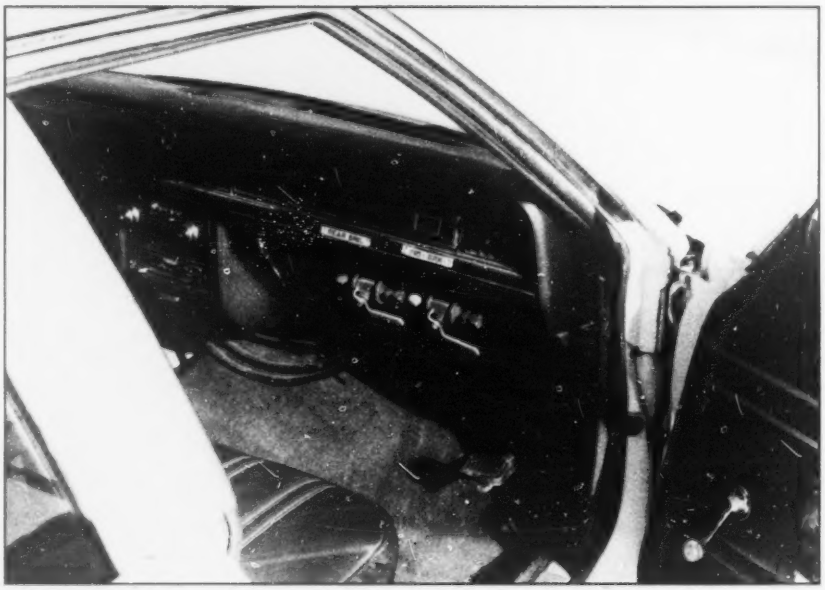
Another company placing high priority on fleet safety — and mandatory belt-use — is Dowell Schlumberger, Inc., perhaps the second-largest oil-field service firm in the nation. Operating a 2,800-vehicle fleet which includes 1,170 cars and light trucks throughout the U.S. and Canada, Dowell first made a serious commitment to driver-safety 10 years ago.

"Back then, research was done which determined that the *most* dangerous thing we were doing was driving," recalls Lowell Jones, Dowell's manager for driver training. "In other words, more serious injuries and deaths were resulting from motor vehicle accidents than from anything else. At that point, a decision was made to train all our people to drive defensively — to help them avoid the rollovers and the head-on collisions that had been our most severe problems."

As a result of that research, Houston-based Dowell now requires that most of its new hires take an eight-day course in vehicle safety at the firm's training center in Kellyville, OK. Working both in the classroom and outdoors, on a full square mile of open land, students learn to avoid accidents with materials provided by the National Safety Council and by actually driving specially-equipped trucks and four-door Ford sedans. To learn to counteract skidding, for example, the trainees maneuver their vehicles across a slick, 300-foot by 100-foot "skid pan"; to avoid head-on collisions, they barrel toward an arrangement of cones at successively increasing speeds before swerving to the side of the road, trying each time to keep control of the car.

Back on the job in their districts, Dowell drivers are re-tested by a "safety and training" officer once a month during their first year of

Dowell drivers learn to counteract skidding on this special "skid pan."



Dual controls in Dowell's Ford training car provide an extra element of safety.

Dowell's "Convincer" shows employees the need to wear seat belts every time they drive.

employment, quarterly during the second, then annually after that. A seat-belt use law is also enforced, a policy Jones credits with enabling the firm's employees to travel one *billion* miles since 1979 without a fatality.

Other results of the Dowell safety commitment are equally impressive. While the '85 NAFA study shows fleets overall averaging 10.03

SCHULTZ

WEBSTER

accidents for every million miles driven, Dowell's latest figure is just 2.78. Before implementing the program in the mid-seventies, by contrast, the company's average was between 10 and 15.

As at Dowell, safety receives priority emphasis at Advanced Care Products and Ortho Pharmaceutical, where Pat Webster served eight years as fleet administrator beginning in 1976. "As the person responsible for the accident reports filed by our sales people, it was my job to find out why certain of them were having two and three (accidents)," Webster remembers. "Realizing we needed some safe-driving guidelines, I sent a letter to our president and eventually got management to buy into the need for such a thing. If our parent, Johnson & Johnson, was safety-conscious in our plants, I reasoned, then we should be safety-conscious among our drivers in the field as well. I viewed it as part of our credo to provide our employees with safe working conditions."

That credo shows up in a variety of ways at Advanced Care and Ortho, whose combined fleets total some 600 cars. Besides a mandatory belt policy, adopted in 1982, every new employee must take a

Which States Have Seat Belt Laws?

Seventeen states and the District of Columbia have enacted seat belt use laws. In each, only vehicles equipped with seat belts are covered, and because all states now have laws requiring small children to be restrained, the belt use laws generally refer only to adults and older children. Here is a list of states with belt laws as of late in '85. The list covers the laws' penalties and enforcement provisions (if stated), and indicates whether they appear to conform with the six criteria set by the Secretary of Transportation: 1. a minimum $25 penalty for violations, 2. front seat occupants must wear belts properly when the vehicle is moving forward, 3. only medical waivers are permitted, 4. effective by 9/1/89, 5. mitigation of damages for failure to wear a safety belt in civil litigation, 6. a program encouraging compliance. If the laws are designated as not conforming with the criteria, they may vary in one or more aspects.

State	Effective	Provisions
California	1/1/86	Maximum $20 fine, first offense; maximum $50 fine for second; secondary enforcement. Nonconforming language.
Connecticut	1/1/86	$15 fine. Nonconforming language
District of Columbia	uncertain	$15 initial penalty; subsequent penalty to be set by mayor; secondary enforcement. Nonconforming language.
Hawaii	12/16/85	$15 fine; primary enforcement. Nonconforming language
Illinois	7/1/85	Maximum $25 fine; no minimum; secondary enforcement. Nonconforming language.
Indiana	7/1/87	Maximum $25 fine; no minimum; secondary enforcement. Nonconforming language
Louisiana	7/1/86	$25 fine; secondary enforcement. Nonconforming language
Massachusetts	1/1/86	$15 fine; secondary enforcement. Nonconforming language.
Michigan	7/1/85	$25 fine; secondary enforcement. Conforming language.
Missouri	9/18/85	Maximum $10 fine; secondary enforcement. Nonconforming language.
Nebraska	9/6/85	$25 fine; secondary enforcement. Nonconforming language.
Nevada	7/1/86	Maximum $25 fine or community service plus a $10 assessment; secondary enforcement. Law contingent upon federal adoption of 70 mph speed limit. Nonconforming language.
New Jersey	3/1/85	$20 fine; secondary enforcement. Nonconforming language.
New Mexico	1/1/86	Minimum $25 fine; maximum $50; primary enforcement permitted. Conforming lanaguage.
New York	12/1/84	Maximum $50 fine; primary enforcement permitted. Nonconforming language grandfathered by U.S. DOT.
North Carolina	10/1/85	After 12/31/86, $25 fine; primary enforcement permitted. Nonconforming language.
Oklahoma	2/1/87	$10 fine, plus $15 administrative costs; secondary enforcement. Nonconforming language.
Texas	9/1/85	Minimum $25, maximum $50 fine. Nonconforming language.

* *Source:* Avis *Fleet Manager's Newsletter*

How Dowell teaches drivers to avoid head-on collisions: In the top left photo, driver approaches safety cones; top right, he hits the brakes hard; lower left, he eases off the brakes and leaves the road, then comes to a controlled, safe stop (lower right).

two-hour "pre-driver training" home-study course offered by the National Safety Council. Then comes a more intensive class held at a Rariton high-school, a class including the use of films, as well as a driver-simulation car equipped with computerized brakes and speed controls.

At Advanced Care — where Webster has managed the 66-car fleet since June of '84 — drivers further receive a quarterly safety bulletin, and, by sending in the answers to certain safety-related questions, the chance to win a $50 savings bond. They're also awarded $25 in cash or equivalent gifts for each year they drive without a reportable accident. (Since that figure is compounded incrementally, a driver who goes seven years without such an accident actually is eligible for $300.)

Additionally, all Ortho drivers without preventable accidents during given periods could win another bond worth $100. And divisional managers are required to complete a maintenance-evaluation form for each of their cars every six months, noting any problems that might have an impact on roadway safety.

Though most of the firm's collisions traditionally have occurred during the drivers' first two years of employment — while they're still learning the job — none of Webster's eight new hires for '85 has suffered an accident so far. And the Advanced Care accident rate dropped a whopping 35 percent last year from the figure for '84.

By most accounts, the chief obstacle to further safety success often sits in the corporate boardroom. "A lot of fleet managers are quite conscious of safety; the problem is to sell high-level management on the idea of an on-going program," says Bill Smith, fleet manager for Hewlett-Packard Co.'s 1400-vehicle southern region. "Many companies look at accidents as sort of a 'necessary' expense. They say, 'Well, as long as it doesn't take away from profits too much, we can live with it.' But I say if *any* of it can be prevented, why let accidents eat into your profits at all?"

Advanced Care's Webster concurs. "It's surprising to me that a lot of companies don't have fleet-safety programs, but it's not because fleet administrators in general aren't aware of the need," she says. "The first big step is getting management to commit. You'll never have an effective program until they're committed — from the president at the top down to the managers in the field."

One possible route to that commitment? Let your CEO take a ride with Ms. Webster, the self-confessed "safety freak." AF

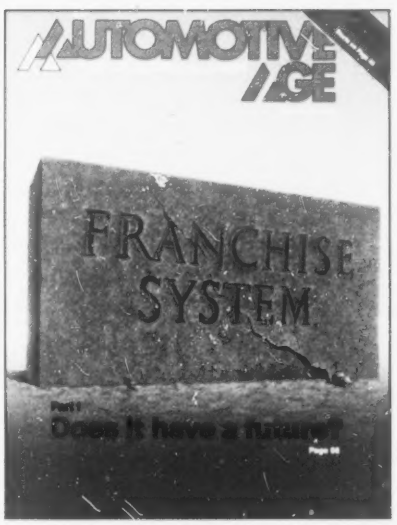
Change is in the wind for the dealer franchise system. Many say market pressures may make change inevitable. Despite such pressures, change will not take place without a stiff fight from dealers.

The Franchise System: An Anachronism?

When predicting change in the automotive business, most prognosticators sooner or later zero-in on the dealer franchise system. It's an easy target. Almost everyone is certain that the franchise of tomorrow will be different than today's. Where the difficulty lies is predicting *how* franchises will be different. *Automotive Age* magazine recently tackled this subject. Its managing editor, Chuck Bohon, comprehensively reviewed the franchise system from its start to the present and offered interesting speculation on its future. At the heart of Bohon's analysis is the query: Can the franchise system remain unchanged within a changing industry? The consensus among participants was "no." In an interview with *Automotive Fleet*, Bohon says his investigation revealed that there will be profound changes within the automobile retailing business.

"By the end of the century, which is only 14 years away, today's dealers will not be able to recognize the market," he says.

The pressure to keep manufacturing and retail costs down, especially in the market's low-end, will be one factor causing this change. Many of the interviewees foresee these cost pressures intensifying to where there will be little manufacturer profit and even less profit for the franchise.



Front cover of the September 1985 issue of* Automotive Age *magazine.

"Change is taking place for a reason," Bohon says. "The franchise may not be the most efficient way to sell cars." Dealers, themselves, are seeking new ways to efficiently sell large volumes of cars. In some areas, auto malls offering multiple car makes are replacing dealers with single location franchises. However, most observers feel the manufacturers pose the greatest challenge to the franchise system.

Down to Brass Tacks

The most recent attempt to change the franchise system was spearheaded by Porsche. The West German manufacturer proposed a plan where its dealers would receive an eight percent sales commission for each car sold. Eliminated would be the 18 percent discount off the price of new models available to dealers under the present franchise system. Porsche felt there would be no need for the 18 percent franchise discount with its dealers operating as commissioned sales agents. Instead, the would-be proposal created 40 Porsche-owned distribution centers to warehouse cars while dealers were allocated a few sample cars for customers. The dealer would make the sale but, in the final analysis, the customer would be buying direct from the Porsche distribution center. In addition, the distribution centers would provide warranty and service work. Porsche sought to sell the concept to its dealers as a way to save on floorplanning and interest rates by not having to fund cars in inventory. The new arrangement would also have made it easier to meet any customer's desires since a dealer wouldn't be restricted to selling from his limited inventory. No longer would a sale be lost because the car wasn't the right color or didn't have the right options. However, Porsche scrapped the plan following an onslaught of dealer anti-trust lawsuits. Porsche's deal-

ers had won — but only because they fought back.

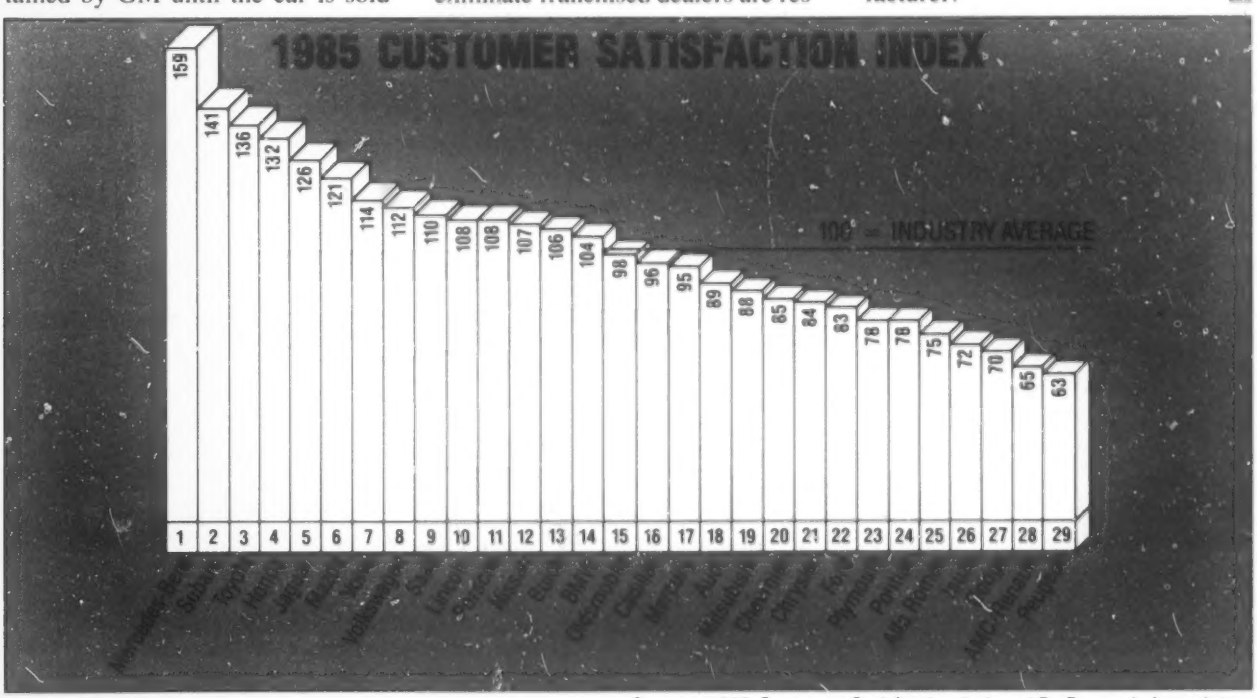
Presently, dealers are concerned with the trend among manufacturers to develop separate franchises for specific new models. It's not a new trend. When the Cimarron was introduced, it was limited to "exclusive" Cadillac dealers. Nowadays, a special franchise agreement is required for Lincoln-Mercury dealers to sell Merkurs. Industry analysts see franchise-specific models as the wave of the future. When discussing such cars, it is impossible not to focus on GM's Saturn program and its effort to develop a completely new franchise-selling system. In Bohon's article, one GM official says that General Motors would not be spending $3.5 billion simply to sell an extra 500,000 cars. That goal could be achieved for a fraction of the cost. The official asks rhetorically: Why would GM create a new franchise if it planned to do business the same way as before? Saturn is an effort to create a completely new way to do business, he adds. Bohon also reports the dealer rumor that the title to the Saturn vehicle will not be transferred to the dealer, but retained by GM until the car is sold to the retail customer. By retaining the title, Saturn would be able to determine vehicle prices and prevent dealers from charging more or less. This raises the possibility that factories could ultimately control a dealer's profitability. Despite these concerns, there will most likely be no shortage of dealers looking to become Saturn franchises.

In the *AF* interview, Bohon says the notion of franchise-specific nameplates could conceivably offer manufacturers an intriguing way around the fleet subsidy dilemma. "A 'fleet' model could be created to be sold only to 'fleet operators.' A traditional franchise couldn't sell the 'fleet' model because it's not covered in their franchise agreement," he says.

Dealer Day in Court

Changing the franchise system will not occur without a fight. Dealers are in a very strong position to protect their franchises. Over the years, the dealer's franchise position has become protected to where it is extremely difficult for a factory to terminate a franchise. Manufacturers who want to alter or even eliminate franchised dealers are restrained by various "dealer day in court" laws. To eliminate a franchise, a manufacturer must provide proof that the dealer has not been acting in good faith. One way would be to allege that a dealer is not properly servicing cars. Customer satisfaction indexes, which log consumer complaints against specific dealers, could be used as evidence in franchise termination suits. Manufacturers insist that CSIs are internal programs used to assess how *both* they and their dealers are perceived by customers. Companies employing some form of customer satisfaction indexes include: Audi, Chrysler, Ford, General Motors, Jaguar, Mazda, Mercedes-Benz, Nissan, Toyota, and Volkswagen. The first such index was started in 1979 by General Motors to help decide on franchise renewals, the granting of new franchises, or multiple franchise locations.

"The problem with the franchise system is that it is perceived as not working well for domestic manufacturers," says Bohon. "The best thing a dealer can do to ensure the survival of the franchise system is sell a lot of cars for the manufacturer." AF



Source: 1985 Customer Satisfaction Index, J.D. Power & Associates.

In a recent speech to AALA, Dr. John Hemphill of J.D. Power & Associates felt bullish about the future of auto sales. This article, an adaptation of his speech, heralds the start of a new era in the automotive industry.

The Age of the Consumer

For the first time in the history of the industry, I think we can truly say we are entering the age of the consumer.

Prior to 1970, the Big Three dominated the market. These manufacturers called the shots, principally GM, on product and pricing. With market power so concentrated, very little competition existed.

Then the 1970's hit. Safety, emissions, and fuel economy regulation affected the factories and the consumer. Two fuel crises produced wild swings in consumer preferences, and manufacturer responses to the situation were more often knee-jerk reactions rather than organized attempts to meet new challenges. The economy was erratic as well, and this contributed to a decade of volatility.

The Japanese found a market clamoring for fuel-efficient vehicles. Consumers bought these vehicles in droves and found them reliable, convenient to drive, *and* economical to operate. Because of this, the import share of the market rose to nearly 30 percent in 1979 and 1980. Then came Voluntary Restraint Agreement (VRA) — four years' worth of artificial supply limitation. Even during the deepest recession in automobile sales throughout this time, the import share reached record levels.

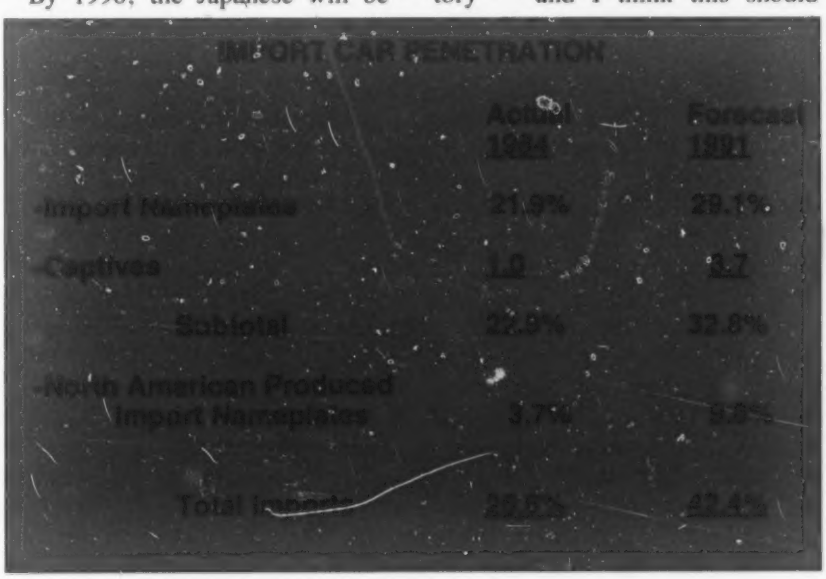
Well, earlier this year, the ball game changed. The consumer took over, and the competitive dogfight began. Clearly, a new era has been initiated in automotive history. I call it the Age of the Consumer. Let's see what it means.

First of all, we are very bullish about achievable volumes in unit sales over the next five to six years. Every demographic factor is positive and competition will stimulate sales all along.

Several new players — some of them *major* — will enter the market: Acura, Austin Rover, Hyundai, Daihatsu, Suzuki, and Saturn. Volume goals: 20,000 to 500,000 units each.

By 1990, the Japanese will be building up to one million vehicles in North America, while the Europeans are gearing up for the battle as well — each side has a war plan for increasing their volume in the United States. Some players are going to be caught between the dog and the proverbial fire hydrant, but the good news is that the market will expand in size.

We see car volumes growing to 12 million in 1991. This year, 10.9 million units is realistic, if availability doesn't become a problem again as it did with the haulers' strike. Incidentally, the current APR financing may well create the largest single 40-day selling period in history — and I think this should



demonstrate to you just how price-sensitive the market really is.

Truck volumes will level off at around 4.6 million, up from 4.4 million this year. Car volumes will grow because of a combination of market and product/price forces.

Five segments will be the most active in both competition and growth:

•The lifting of VRA paves the way for low-priced mini-cars. Sprint and Yugo are the only ones here now, but at least seven other automakers have product ready for this segment, including VW, Subaru, Nissan, Honda, Mitsubishi, KIA, Daewoo, and Mazda. The minis will steal sales from used cars and will add incremental volumes to the new-car market (an estimated 650,000-unit market in 1988).

•Sports and sporty cars will heat up. More "pocket rockets" will enter, adding to the RX7, MR2, XT, CRX, and Fiero segment.

•Luxury cars will perhaps be the *most* active as the Japanese step up in product, and as the Europeans heat up their own marketing machine.

•Compact vans will see several (mostly Japanese) new entrants. Affecting the sales of station wagons, trucks, and full-size vans and sedans, this segment will grow to 600,000 units in three years time.

•Finally, sport-utility 4X4s will grow, principally with the emergence of the subcompact sport-utility vehicles. Suzuki is the first, but watch for two to three other players here in the next two years. These are serious, multi-purpose vehicles, like minivans, that will erode compact pickup and subcompact car sales.

As you may have already guessed, we certainly see import share increasing over the next five to six years — from 27 percent in 1984 to just over 42 percent in 1991. Non-captives should capture nearly 40 percent of what will be a 12-million car sales a year.

•The effects on the domestics will not be even. GM is the most vulnerable, but will have the most captives. Nevertheless, we see GM losing four to six percentage points, resulting in a 36 to 37 percent share in 1991.

•Ford and Chrysler each will lose about one half of GM's projected decline.

•The domestics, especially GM, suffer from a troika of problems: 1) The age of the their current customers. 2) The production cost disadvantage. 3) The quality and customer satisfaction their products deliver.

Ideally, the domestics should have a median customer age of around 35 to 36 — the leading edge of the huge baby-boom segment. Instead, the median age is closer to 47. Products that are designed and marketed to reach younger buyers, or those that present a youthful image — such as Fiero, Camaro, Corvette, Cimarron, Firebird, and Alliance — come in *last* in their segment in customer satisfaction.

Also, there is a double whammy operating for the domestics. The younger the buyer, the more critical they are *and* the more likely they are to have higher expectations. So, not only is the age profile a problem, but specific models aimed at the younger buyer are not even close to delivering the customer satisfaction their competitors do. Geography makes a difference too.

When nameplates such as Cadillac lose ground in customer satisfaction you realize what a serious problem this is — especially when it's clear that older owners are far less critical and have lower expectations than younger buyers.

The age situation is likely to get worse. And it's not really an age-related phenomena as it is a generation gap. With the choices consumers will have due to competition, these younger buyers' expectations and standards will keep on rising. The industry stimulates this as well, by heralding "quality as job one," "sweating the details," "Mr. Goodwrench," "you can have it all," and other claims about improvements and commitments.

Only two domestics out of 14 nameplates are above average in customer satisfaction — Lincoln (10th) and Buick (13th). This is based, *not* on image or reputation, but on what owners say and how they rate their own purchase 13 months after taking delivery.

Domestics certainly have made gains, Ford and Lincoln especially, but the Japanese are a moving target — and the Japanese still have a pure production cost advantage of around $1,200 per car that goes up with car size.

Let's return to examine some more fundamentals about the market and why we'll see robust sales, even though not all players will share equally in the market growth.

What I want to cover now are some significant consumer trends.

The first is the tremendous growth in multiple vehicle-owning households. The growth will be greatest in the 2+ vehicle households. Multiple vehicle households are changing the way people buy automobiles.

•It's no longer a one-on-one situation. Most decisions are shared-purchase transactions. Early in '85, we completed a study for *Family Circle* magazine about women-involved purchase decisions and we found that 81 percent of buying decisions have a woman involved either solely, equally, or to some important degree with a man.

•Also, decisions are being made on the basis of the condition and use of the family fleet of vehicles. Where and how the new vehicle fits in is prime, not the single decision-maker selecting on the basis of his own personal requirements.

The second trend is to note that we will experience only about half the growth in licensed drivers in this decade compared to the 1970's. Healthy expansion — the pie is still growing — but not as fast.

The baby-boomers are the heart and soul of the market. They currently buy one in ten new automobiles and their influence will quadruple in the next four to five years. With a leading age edge of 40, they are the ones with the high expectations. Forget about the "yuppies" — they represent too small of a group and too narrow of a stereotype. The market comes from the baby-boomers. Simply put, the manufacturer simply cannot survive unless it captures and retains a franchise in this age segment.

The doomsdayers who, during the depth of the recession, said that America's love affair with the automobile was over, were way off the mark. Americans show higher than ever interest in the new technology, designs, and body types. At any particular point in time, 15 million consumers will say they intend to purchase within 12 months, and half of them are actively examining, screening, and shopping for their "dream machine." Another bogus prediction by some analysts was that the trade-in cycle had permanently been changed to five or six years. This would be serious if it was true, but it is not. The cycle remains steady at 4.2 to 4.8 years.

The market will be a dogfight between manufacturers. It won't be enough to have the right product.

Let me summarize to this point by noting several crucial trends:

•The concept of *performance* is broadening and it depends on the buyer and his or her criteria. Along with downsizing and fuel efficiency, consumers have shifted their emphasis to handling, ride, and responsiveness.

•I've already mentioned customer satisfaction. We estimate that each owner directly influences an average of five other prospective buyers during the first year of ownership. The factories are emphasizing customer satisfaction because their dealers control most of the post-sale experience, and therefore the dealers heavily influence word-of-mouth advertising.

•Again, expectations are rising and the factories themselves are contributing to this. The average new-car buyer receives at least three separate questionnaires from the manufacturer asking him or her to report on experiences with the product and the dealer. This attention from the factory makes the customer more sensitive to the purchase and the results.

•Interest in new technology and designs. This is another result of downsizing and the decreasing emphasis on brute power. Consumers notice the nuances in design, the attention to detail, the fit and finish, and the quality of materials utilized. Also, new or improved technology tends to receive increased interest — turbocharging, four-wheel-drive, ABS, and advanced electronics all receive high and favorable levels of purchase consideration.

•Finally, loyalty. Whether it is manufacturer, nameplate, bodystyle, design, vehicle type, or dealer, loyalty is deteriorating. However one chooses to measure it, loyalty is becoming an artifact of the past.

But here's some good news for the domestics. There have been sizeable advances since OPEC rocked the domestic industry for the second time round. At one point, Chrysler was on the edge of disaster. Still, the industry was gearing up to invest an historic amount of capital into new products and production upgrading.

It looks like it paid off, until the numbers are reviewed. One study shows that of the prospective purchasers who would consider GM for their next vehicle, 63 percent of them will also consider Ford, and nearly a third will consider a Japanese vehicle as well.

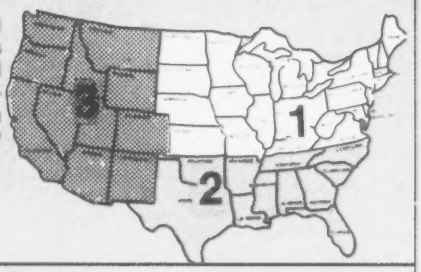
Cross-consideration is even higher for both Ford and Chrysler. Statistics show that those who would first consider a Japanese vehicle are the least loyal to their nameplate — well over half of those purchasers would also consider GM or Ford.

Compared to even five years ago, these percentages now are at least 10 percentage points higher. This is due to higher prices, rapidly changing product designs, the proliferation of new vehicle types, and perceptions of product quality. In short, good, healthy, and fierce competition has finally given the consumer the upper hand.

In closing, I'd like to return to my main theme. We are entering the age of the consumer. The automobile market will be a dog fight between manufacturers. It won't be enough to have the right product. The consumer's perceptions of quality and the manufacturer's reputation, along with competitive prices will be the key. AF

USED CARS

The following are average car prices for the period ending January 15, 1986. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically on IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.

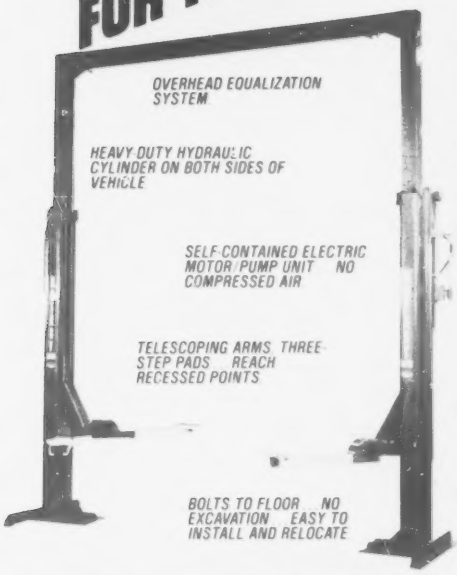


Model	Zone 1	Zone 2	Zone 3
83 AMC ALLIANCE			
Sdn 4DR L Series	3070	3100	3040
83 AMC CONCORD			
Sdn	3315	3349	3282
Sta Wgn	3501	3536	3465
83 BUICK SKYLARK			
Sdn Custom	3888	3927	3849
82 BUICK SKYLARK			
Sdn	3186	3218	3154
83 BUICK REGAL			
Sdn	5091	5143	5040
Cpe	5235	5287	5182
82 BUICK REGAL			
Turbo Cpe	4653	4700	4606
Cpe	4506	4551	4461
83 BUICK CENTURY			
Sdn Custom	5094	5144	5043
82 BUICK CENTURY			
Sdn Custom	4312	4355	4269
83 CADILLAC			
Cpe DeVille	8626	8713	8540
Sdn DeVille	8577	8664	8491
82 CADILLAC			
Cpe DeVille	7095	7166	7025
Sdn DeVille	7047	7118	6977
83 CHEVY			
Chvt Htchbk 4-Dr	2327	2350	2304
Camaro Cpe 8	5688	5746	5631
82 CHEVY			
Chvt Htchbk 4-Dr	1838	1855	1819
Camaro Cpe 8	4914	4963	4865
83 CHEVY CELEBRITY			
Sdn	4600	4647	4554
82 CHEVY CELEBRITY			
Sdn	3886	3925	3847
83 CHEVY CAVALIER			
Sdn	3952	3993	3913
82 CHEVY CAVALIER			
Sdn	2767	2794	2740
83 CHEVY CITATION			
Cpe 6	3096	3127	3064
82 CHEVY CITATION			
Cpe 6	2386	2410	2362
83 CHEVY MALIBU			
Clas Sdn	4461	4505	4417
Clas Sta Wgn	4644	4690	4597
82 CHEVY MALIBU			
Clas Sdn	3744	3782	3706
Clas Sta Wag	3908	3947	3869
83 CHEVY MONTE CARLO			
Cpe	5290	5343	5237
82 CHEVY MONTE CARLO			
Cpe	4425	4470	4381
83 CHEVY IMPALA			
Sdn	4828	4877	4779
82 CHEVY IMPALA			
Sdn	3875	3914	3836
Wgn 9	4028	4068	3988
83 CHEVY CAPRICE			
Sdn	5408	5462	5354
Sta Wag	5596	5652	5540

Model	Zone 1	Zone 2	Zone 3
83 CHRYSLER			
E-Class Sdn	4600	4889	4773
82 CHRYSLER			
New Yorker Sdn	5760	5818	5702
83 DODGE OMNI			
4 Dr Cust	2904	2933	2874
82 DODGE OMNI			
4 Dr Cust	2220	2242	2198
83 DODGE ARIES			
Cpe	3342	3376	3308
82 DODGE ARIES			
Sdn	2570	2595	2544
83 DODGE DIPLOMAT			
Sln Sdn	3897	3936	3859
82 DODGE DIPLOMAT			
Sln Sdn	3145	3177	3114
83 FORD FAIRMONT			
Futura 6-Cyl Sdn 4 Dr	3366	3400	3333
82 FORD FAIRMONT			
Futura Sdn 4-Dr	2666	2692	2639
83 FORD MUSTANG			
L-Cpe 4	3746	3783	3708
82 FORD MUSTANG			
L-Cpe 4	3012	3042	2982
83 FORD LTD			
Sdn	3678	3917	3639
82 FORD LTD			
Sdn	3943	3982	3904
83 FORD ESCORT			
Htchbk 4 Dr	2856	2884	2827
83 FORD CROWN VIC			
Sdn	6031	6092	5972
82 FORD CROWN VIC			
Sdn	4668	4715	4621
83 FORD THUNDERBIRD			
Cpe	5529	5585	5474
82 FORD THUNDERBIRD			
Cpe	4353	4396	4309
83 LINCOLN CONTINENTAL			
Sdn	10618	10725	10511
Mark VI Cpe	10836	10945	10728
82 LINCOLN CONTINENTAL			
Sdn	8625	8712	8539
Mark VI Cpe	8889	8978	8800
83 MERCURY COUGAR			
Cpe	5624	5681	5568
82 MERCURY COUGAR			
GS Cpe	3267	3300	3234
83 MERCURY LYNX			
HtchBk 2-Dr	2815	2843	2786
83 MERCURY MARQUIS			
Sdn	3924	3963	3885
82 MERCURY MARQUIS			
Sdn	4163	4205	4122
Wgn-2S	4293	4336	4250
83 OLDS CIERA LS			
Cpe	5021	5071	4970
Sdn	5085	5136	5034

Model	Zone 1	Zone 2	Zone 3
83 OLDS CUTLASS SUPREME			
Cpe	5541	5596	5486
Sdn	5387	5441	5333
82 OLDS CUTLASS SUPREME			
Sdn	4567	4613	4522
Cpe	4746	4794	4698
83 OLDS DELTA 88			
Sdn	5371	5425	5318
82 OLDS DELTA 88			
Sdn	4094	4135	4053
83 OLDS DELTA 98			
Sdn	7410	7484	7336
82 OLDS DELTA 98			
Sdn	6048	6108	5987
83 OLDS OMEGA			
Sdn	3888	3927	3849
82 OLDS OMEGA			
Sdn	3186	3218	3154
83 OLDS FIRENZA			
Sdn	4140	4182	4098
82 OLDS FIRENZA			
Sdn	3435	3469	3401
83 PLYMOUTH HORIZON			
4 Dr Htchbk	2824	2853	2795
83 PLYMOUTH RELIANT			
Cpe	3352	3385	3318
82 PLYMOUTH RELIANT			
Cpe	2560	2585	2535
83 PONTIAC FIREBIRD			
Cpe 8	5748	5804	5690
83 PONTIAC 6000			
Cpe	4782	4830	4734
Sdn	4847	4896	4798
82 PONTIAC 6000			
Cpe	4074	4115	4033
83 PONTIAC GRAND PRIX			
Cpe	5460	5513	5405
83 VOLKSWAGEN JETTA			
4 Dr Sdn	4939	4988	4889
82 VOLKSWAGEN JETTA			
4 Dr Sdn	4190	4232	4147
83 VOLKSWAGEN L SERIES			
2 Dr Htchbk	3606	3642	3570
82 VOLKSWAGEN RABBIT			
2-Dr Htchbk	2821	2848	2793
83 DATSUN			
Sentra 2 Dr Std Sdn	3213	3245	3181
Stanza Hbk 4 Dr Dlx	4379	4422	4335
82 DATSUN			
210 Std 2 Dr	2330	2354	2307
Sentra 2 Dr Std Sdn	2639	2666	2612
Stanza Hbk 4 Dr	3589	3625	3554
83 TOYOTA			
Corolla Sedan 2 Dr	3968	4007	3928
Celica St	5709	5765	5651
Camry Sedan	6450	6514	6385
82 TOYOTA			
Corolla 2 Dr Sdn	3207	3239	3176
Celica St Cpe	4660	4706	4613

LOOK TO ROTARY FOR FREEDOM!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Augusta, GA	135.4	118.4
Waterloo, IA	146.0	125.0
Joliet, IL	156.0	124.4
Bowling Green, KY	143.4	112.4
Kalamazoo, MI	157.9	125.9
St. Louis, MO	129.5	107.2
Syracuse, NY	140.4	128.2
Eugene, OR	139.4	n/a
Knoxville, TN	148.9	119.9
Houston, TX	142.9	107.8

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